2007–2008

Saskatchewan

Provincial Budget

Performance Plan

Saskatchewan Industry and Resources

Minister's Message

It is my pleasure to present the Performance Plan for Saskatchewan Industry and Resources for 2007-08 and beyond.

The Saskatchewan government is advancing priority actions based on advice gathered from Saskatchewan community, business and investment leaders. In 2005, the Government released the *Saskatchewan Action Plan for the Economy.* Industry and Resources has many responsibilities to carry out under the Action Plan.

Saskatchewan is enjoying solid Gross Domestic Product (GDP) growth, fueled by the strong performance of non-renewable resources and higher commodity prices. The economy is performing well. Saskatchewan is enjoying the economic benefits of its rich endowment of resources. Economic analyses rank Saskatchewan with Alberta and British Columbia as attractive climates for investment. We enjoy relatively low unemployment, but there remain parts of our economy where skilled labour shortages are posing challenges and where the potential of individuals, businesses and communities is not fully realized. The Saskatchewan economy can achieve continued growth based on our strengths in energy, mining, manufacturing and research with the concerted efforts of private and public partners.

Industry and Resources will strive to carry out its programs efficiently and effectively to benefit the provincial economy by pursuing further development in key sectors. Our Department's sectoral focus will help ensure Saskatchewan is able to access emerging opportunities, both locally and globally. We will again report on progress made under the Action Plan in our Department's Annual Report to the Legislature for 2006-07, to be released in July 2007. This complements our commitment to complete the key actions identified in our Performance Plan and to report on progress to the people of Saskatchewan next year, in the Department's 2007-08 Annual Report.

Eric Cline, Q.C.
Minister of Industry and Resources

Who We Are

The mandate of Saskatchewan Industry and Resources is:

"To achieve full and responsible development of Saskatchewan's energy, mineral and forestry resources, work with businesses to expand the Saskatchewan economy by promoting, co-ordinating and implementing policies, strategies and programs that encourage sustainable economic growth and to optimize revenues to fund government programs and services."

The Department has a broad range of responsibilities (more information can be found on our website at www.ir.gov.sk.ca):

- Industry and business development (to support business growth and retention through investment attraction, increased competitiveness, and the removal of regulatory and other impediments);
- Investment programs (to manage and maintain investments through the Strategic Investment Fund, Economic Partnership Agreements, Petroleum Research Initiative, Technology Commercialization Fund, and *Invest in Saskatchewan,* the Labour-sponsored Venture Capital Corporation Program);
- Promoting the Province through programs, strategic communication initiatives and special events to raise awareness of Saskatchewan as a place to live, work, invest and do business;
- Corporate services (to support human resources and budget management);
- Resource and economic policy (to monitor economic and market trends, policies, legislation and impacts on industry performance, and to provide analysis and recommendations on issues such as royalty/tax systems and climate change);
- Energy planning and development (to encourage responsible development, use and conservation of energy resources);
- Resource development (to stimulate optimal development of oil, gas and mineral resources and to administer Crown mineral rights);
- Resource regulation and revenue collection (to encourage timely and full collection of revenues and to ensure activities meet with environmental and regulatory obligations); and
- Strategic initiatives (to support high priority projects such as ethanol and agri-value initiatives, the Canadian Light Source synchrotron, forest product development and support to the Saskatchewan Forest Centre).

The Department has 331 employees located in Regina and Saskatoon as well as regional resource development offices (Estevan, Swift Current, Kindersley, Lloydminster, La Ronge and, on a part-time basis, Creighton).

In fulfilling its mandate, the Department regularly liaises with a variety of economic development organizations and agencies in the province's key resource sectors and the business community.

To build international awareness of Saskatchewan and to attract investment, the Department established an Asia Pacific desk in November 2005.

The Department also provides annual transfer payments through its budget under *The Economic and Co-operative Development Act* to Tourism Saskatchewan and the Saskatchewan Trade and Export Partnership (STEP) for their independent operations.

The Tourism Authority Act gives Tourism Saskatchewan the responsibility to facilitate the marketing of tourism, the provision of visitor and information services, the education and training of individuals involved in the tourism industry, the planning and development of tourism destination areas, the administration of tourism funding programs (other than capital funding), research and policy development in tourism, public awareness of tourism, and the development and promotion of tourism in Saskatchewan. More information on these services can be obtained from Tourism Saskatchewan's website at www.sasktourism.com.

STEP is a unique industry-government partnership led by industry and established as a non-profit corporation to maximize commercial success in global ventures. STEP delivers export services using its team of specialists, innovative approaches and worldwide networks. STEP's Board of Directors establishes the priorities for its work. STEP is not an agent of the Province of Saskatchewan but acts on behalf of the Government of Saskatchewan with respect to certain priorities, set out with the Province for its funding, including trade development and promotion and representation at certain western-provincial and national level committees. For more information, see the STEP website at www.sasktrade.sk.ca.

In addition, Industry and Resources provides financial support to the Saskatchewan Forest Centre, the Petroleum Technology Research Centre, the International Test Centre for Carbon Dioxide Capture and the Prairie Adaptation Research Collaborative at the Regina Research Park.

Plan at a Glance

This Plan builds upon previous plans and continues to address development of key sectors of the economy. Activities planned for 2007-08 are outlined on the following pages and will be reported in the 2007-08 Annual Report, to be released in July 2008.

VISION

Our vision is of a strong, vibrant and growing economy supporting the goals and aspirations of Saskatchewan people.

GOAL 1

Growth in those sectors that have the greatest potential for future prosperity – energy, minerals, forest products, life sciences, manufacturing, and advanced technology – recognizing emerging sectors with future growth potential

OBJECTIVE 1– *Strengthen and increase industries active in key sectors*

Performance Measure

- Real Gross Domestic Product per worker in key sectors

OBJECTIVE 2 – *Encourage and facilitate growth in businesses that provide goods, supplies or services to key sectors or that use outputs from key sectors for value-added manufacturing or processing*

Performance Measure

- Real Gross Domestic Product by key sector

OBJECTIVE 3 – *Promote the importance of inter-industry collaboration within the province*

Performance Measures

- Under development

OBJECTIVE 4 – *Dynamic and flexible sectoral focus*

Performance Measure

- Investment from the Western Economic Partnership Agreement in key sectors

GOAL 2

Optimal long-term benefit from the development of the province's non-renewable resources

OBJECTIVE 1– *Responsible and effective management and conservation of non-renewable resources and collection of revenues for the province*

Performance Measures

- Percentage of the oil and gas industry's annual revenues paid to the Crown as royalties
- Saskatchewan production of non-fuel minerals
- Uncollectible revenues as a percentage of total revenues assessed

OBJECTIVE 2 – *Effective policies, legislation and regulations that support the optimal development of non-renewable resources and sustain the province's long-term interests*

Performance Measure

- Percentage of oil produced in the Province due to the implementation of enhanced oil recovery projects (EOR) excluding waterflood projects

OBJECTIVE 3 – *Maintenance of a green and prosperous economy*

Performance Measure

- Index of Energy Intensity for Saskatchewan (energy use per unit of output)

GOAL 3

A positive, competitive, and innovative environment in which to invest and do business

OBJECTIVE 1 – *Stimulate investment and business expansion across the province*

Performance Measure

- New investment by industry in key sectors

OBJECTIVE 2 – *Improve the province's competitiveness*

Performance Measures

- Saskatchewan's share of Western Canadian conventional oil and gas exploration and development expenditures
- Saskatchewan's share of non-uranium mineral exploration
- Saskatchewan's overall cost comparison

***OBJECTIVE 3** – Maximize the return on investments in innovation*

Performance Measure

- **Business expenditures on research and development in Saskatchewan per year**

***OBJECTIVE 4** – Improve perception of Saskatchewan growth opportunities for increased capital investment and economic development, tourism, youth retention and business expansion*

Performance Measures

- **Increase in percentage of national business decision-makers who, in polling, hold a favourable view of the Saskatchewan economy**
- **Increase in percentage of Saskatchewan people who, in polling, are optimistic about the future of Saskatchewan's economy**

2007-08 Financial Overview

2007-08 ESTIMATES	*(in thousands of dollars)*
Central Management and Services	$ 9,075
Investment Programs	32,254
Industry Development	7,371
Revenue and Program Services	3,340
Petroleum and Natural Gas	6,369
Exploration and Geological Services	5,686
Resource and Economic Policy	2,584
Tourism Saskatchewan	8,016
Saskatchewan Trade and Export Partnership	2,881
Total Appropriation	$ 77,576
Capital Acquisitions	(0)
Amortization	4,755
Total Expense	$ 82,331
REVENUES	$ 1,528,803
FTE Staff Complement	330.9

Funding levels remain similar to the previous fiscal year with the following exceptions:

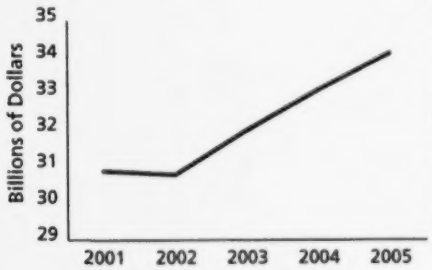
- An additional $3.3 million for the Ethanol Fuel Tax Rebate Program due to an expected increase in the sale of Saskatchewan produced ethanol.
- An additional $1.0 million towards the Forestry Centre to offset the federal government funding reduction.
- An additional $446,000 to support the increased activity in the mining and oil and gas sectors, offset by reduced funding available for the Mineral Exploration Incentive Program.
- Reduction of $15.5 million as a result of Maple Leaf Foods Agri-value project not proceeding.
- Partial reduction of $500,000 in funding for the Innovative by Nature marketing campaign.
- Additional $500,000 toward updating legacy computer systems to meet the increased oil and gas activity and industry standards.
- Additional salary and operating funding to provide for status quo funding.

Trends and Issues

The Department closely monitors a number of provincial economic trends. In general, the Department's efforts to promote and encourage economic development are observed in advances in the economic indicators shown below.

GROSS DOMESTIC PRODUCT

REAL GDP



(Source: Statistics Canada, Provincial Economic Accounts)

Industry and Resources works to attract investment to Saskatchewan. Growth in an economy is measured in terms of real gross domestic product (GDP).

After a decade of strong economic growth, Saskatchewan's real GDP dropped in 2001 (-1.0 per cent) and again in 2002 (-0.4 per cent). A strong recovery saw the province's GDP grow at a rate of 4.1 per cent in 2003 (second only to Newfoundland at 6.2 per cent), 3.3 per cent in 2004 and a further 3.1 per cent in 2005 (third highest in 2004 and 2005).

Saskatchewan Finance is forecasting economic growth in 2006 of 2.2 per cent and 2.9 per cent in 2007. The Conference Board of Canada forecasts real GDP growth of 1.6 per cent in 2006 and 2.7 per cent in 2007. (Source: Saskatchewan Finance, *Saskatchewan Mid-Year Report 2006-07: Budget Update.* Conference Board of Canada, *Provincial Outlook,* Winter 2007)

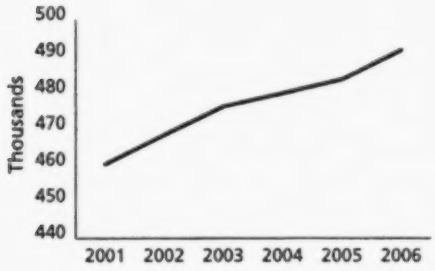
EMPLOYMENT

Industry and Resources encourages employment growth in the economy through its programs of business development, investment attraction, and leadership in economic development policy and planning. In 2006, Saskatchewan had a record level of employment of 491,600, an increase of 8,100 (1.7 per cent) over 2005. This marked the fourth consecutive year of record employment in the province. Saskatchewan also had the third-highest rate of employment growth among the provinces in 2006.

Saskatchewan's unemployment rate averaged 4.7 per cent in 2006, down from 5.1 per cent in 2005, and was the lowest since 1981. The rate of 4.7 per cent was the third lowest unemployment rate in the country (behind Alberta at 3.5 per cent and Manitoba at 4.3 per cent) and was well below the national unemployment rate of 6.3 per cent.

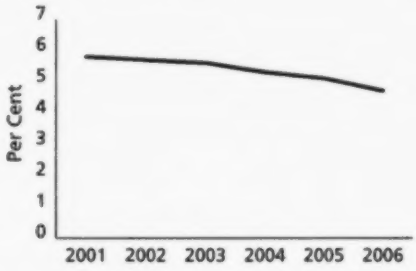
The Conference Board is forecasting employment increases of 1.9 per cent in 2007 and 0.6 per cent in 2008 (*Provincial Outlook,* Winter 2007). The Department of Finance is forecasting that employment will increase by approximately 3,600 in 2007. (Source: *Mid-Year Report 2006-07: Budget Update)*

EMPLOYMENT



(Source: Statistics Canada, Labour Force Survey)

UNEMPLOYMENT RATE



(Source: Statistics Canada, Labour Force Survey)

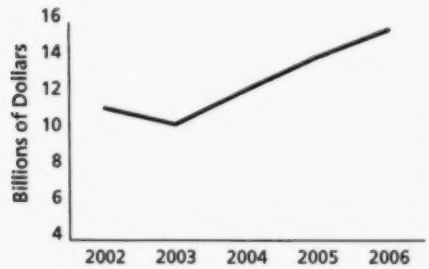
POPULATION

Saskatchewan's population as of October 1, 2006, was estimated to be 985,859 persons. This represents an increase of 473 persons from July 1, 2006 and a decrease of 2,978 persons from October 1, 2005. The province's population has increased for two consecutive quarters. Saskatchewan's population has tended to fluctuate. Population grew during the early 1990's, peaking in 1996 at 1,019,100.

Saskatchewan's interprovincial net out-migration was 8,600 in 2001 before decreasing to 4,590 in 2003, then rising to 10,846 in 2005. The trend has again shifted with a net outflow of 4,823 in the first nine months of 2006, down 42 per cent from the same period in 2005. (Source: Statistics Canada, Saskatchewan Demographic Statistics, CANSIM II, table 051-0001)

TRADE

EXPORT OF GOODS

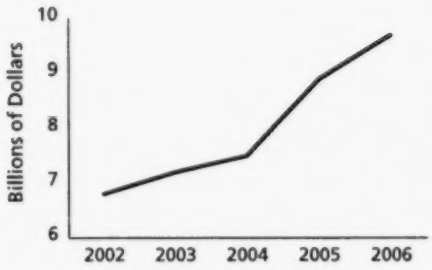


(Source: Statistics Canada, Strategis, Trade data on-line)

In 2006, exports of Saskatchewan's goods and services to international and other Canadian markets were equal to more than two-thirds of the province's GDP. The United States (U.S.) was Saskatchewan's largest international market. Exports of goods to the U.S. were equal to more than 20 per cent of the province's GDP. China was Saskatchewan's second largest trading partner in 2006.

INVESTMENT

INVESTMENTS



(Source: Statistics Canada, CANSIM Table 029-0005)

For 2006, private and public capital expenditure was $9.7 billion, making this the first time in which new capital spending exceeded the $9 billion mark. In 2006, the private sector accounted for about $7.8 billion, or 80.6 per cent, and the public sector contributed $1.9 billion, or 19.4 per cent of the total.

In 2006, compared to 2005, capital investment in Saskatchewan increased by 8.7 per cent. This was the fourth-highest percentage increase among the provinces, and followed an increase of nearly 19 per cent in 2005, second-highest in Canada.

COMPETITIVENESS

Investment decisions are sensitive to access to markets, the availability of a skilled workforce, excellent infrastructure, and a favourable business climate.

Because the U.S. is our largest trading partner, the higher Canadian dollar vis-a-vis the US dollar places greater pressure on improving the productivity of our local production facilities in order to compete. The adoption of new technologies and best practices is an essential part of increasing the productivity of our industries.

Changes from 2006-07 Performance Plan

There are no substantive changes from the previous plan except in respect to development of new performance measures. Refinements were introduced to better articulate objectives under Goal 2, and the performance measure for Goal 3, Objective 2.

In addition, trendline information has been added to the performance measures where data exists to support it. The trend information is intended to provide additional context and historical information for the reader.

Goals, Objectives, Actions and Measures

This section provides the detailed 2007-08 Performance Plan for Industry and Resources and sets out the Department's attention to primary thrusts to increase economic activity in Saskatchewan. To achieve these goals, a number of objectives are established to support progress toward the broader goal statement. A set of key actions is provided under each objective. A set of performance measures is also provided as a means of gauging progress toward achieving the stated objectives.

The Performance Plan addresses the Department's responsibility to ensure optimal benefit is realized from the non-renewable resource sectors by ensuring the most effective management of resources and by ensuring a fair share of the revenues are returned to the Province.

In addition, the Plan builds on the Department's role in ensuring that Saskatchewan is competitive and that the Province encourages and fosters innovative solutions and achievements. Further, the Department will ensure that successes in competitiveness and innovation are promoted across the nation and around the world to attract new investment and businesses to Saskatchewan.

The first key responsibility for the Department is to strengthen and expand the industries represented by each key sector and to facilitate growth in the businesses that provide goods, supplies or services to the sector as well as those that use outputs from the sector for value-added manufacturing or processing. The focus on sectors will make better use of the Department's resources and provide increased opportunities to:

- build capacity for growth in the key sectors through initiatives such as management skill development, knowledge and technology transfer, associations and consortia;
- provide sector-specific business advice to firms considering Saskatchewan as a base, such as information on natural resources, business development or regulatory requirements;
- act as a liaison between industry and other government departments, Crown corporations and agencies on business, resource and economic development issues;
- consult with industry stakeholders to address their concerns and reduce or remove impediments to their growth;
- develop stronger partnerships and better working relationships with businesses in each sector;
- encourage increased investment in the key sectors from outside the province; and
- deploy resources to support growth in emerging key sectors.

A sectoral development approach recognizes that growth across the Province is important in developing a positive business climate. Supply chains and networks developed across each sector can contribute to the growth of business alliances and contribute to a skilled labour pool.

The sectoral approach to economic development in the province is a cornerstone of the strategic plan, and it will remain dynamic and flexible. As the Province's potential for economic development shifts to emerging high-growth areas, the Department will redirect resources and use the economic levers at its disposal to stimulate further growth and jobs in these new areas.

It should be noted that the ultimate success of the sectoral approach to economic development will require a high level of co-operation and co-ordination among government departments and close collaboration with industry stakeholders.

A second thrust for the Department is responsible and effective management of Saskatchewan's resources while ensuring a fair share of revenues accrues to the Province. In its administration of Crown mineral rights, the Department plays a key role in providing geological information and analysis to stimulate the development of resources.

The Department also examines policies, legislation and regulations to ensure they allow for optimal development of non-renewable resources while protecting the Province's long-term interests.

In addition, the Department's support to agencies such as the Petroleum Technology Research Centre and the International Test Centre for Carbon Dioxide Capture will help ensure that Saskatchewan continues to lead the way in developing solutions to climate change.

The third area of priority is the Department's role in building a positive, competitive and innovative environment for investment and business growth across the sectors and across the Province. As sector development plans are prepared and potential barriers to growth are identified, the Department will analyze options and bring forward recommendations for Cabinet's consideration to expand Saskatchewan's economy and improve the Province's competitiveness.

The Province has made significant investments in innovation infrastructure, including the following:

- Saskatoon
  - ~ Canadian Light Source Synchrotron
  - ~ Innovation Place
  - ~ Vaccine and Infectious Disease Organization
- Regina
  - ~ Regina Research Park
  - ~ Petroleum Technology Research Centre
  - ~ Greenhouse Gas Technology Centre
- Prince Albert
  - ~ Saskatchewan Forest Centre

The Department can help maximize the return on these major infrastructure investments by supporting initiatives that encourage research and innovation, supporting the commercialization of new products, and demonstrating that Saskatchewan is a leader in the adoption of new technologies.

An improved perception of the province and its opportunities for growth can lead to increased investment and economic development, a boost in tourism, greater retention of our youth and more potential for business expansion. One way to enhance the province's image is to ensure that Saskatchewan's accomplishments and advantages are broadly and boldly communicated both within and outside our borders. The Department can demonstrate leadership and innovation in this area, and marketing campaigns will help to communicate the successes and advantages unique to Saskatchewan.

The key cost drivers that affect the financial assumptions used to develop the Performance Plan include variables in third party funding requirements that are external to the Department. The Ethanol Fuel Grant Program is particularly sensitive to external influences. Moreover, the *Invest in Saskatchewan* program, administering tax credits for labour-sponsored venture capital investments, is subject to the nature of the investment climate and individual investors' perception of these instruments.

It is anticipated that future Plans will incorporate some different performance measures. In the renewed Plan and with the revised measures, the Department will strive to report progress on outcomes and outputs tied more closely to matters the Department influences or controls.

GOAL 1

Growth in those sectors that have the greatest potential for future prosperity – energy, minerals, forest products, life sciences, manufacturing, and advanced technology – recognizing emerging sectors with future growth potential

***OBJECTIVE 1** – Strengthen and increase industries active in key sectors*

Economic activity in Saskatchewan's priority sectors is driven largely by the demand for the goods and services exported from the Province. While a wide variety of variables affect the consumer decisions to purchase Saskatchewan-made products and services, the Province can play a key role in providing the right climate for growth, providing the necessary supporting infrastructure for businesses to flourish and compete internationally, and promoting the jurisdiction as a place to invest.

Key Actions for 2007-08

- Continue work on regulatory reform, by streamlining regulations within IR.
- Strengthen base metal and gold sector by focusing incentives and geosciences on geologic domains with high potential for these deposit types.
- Implement BizPal for the mineral exploration sector.
- Introduce changes to government procurement practices to further enable growth in the Information and Communications Technologies (ICT) sector.
- Examine potential regulatory and administrative changes in consultation with the oil and gas industry to streamline regulatory processes and requirements.

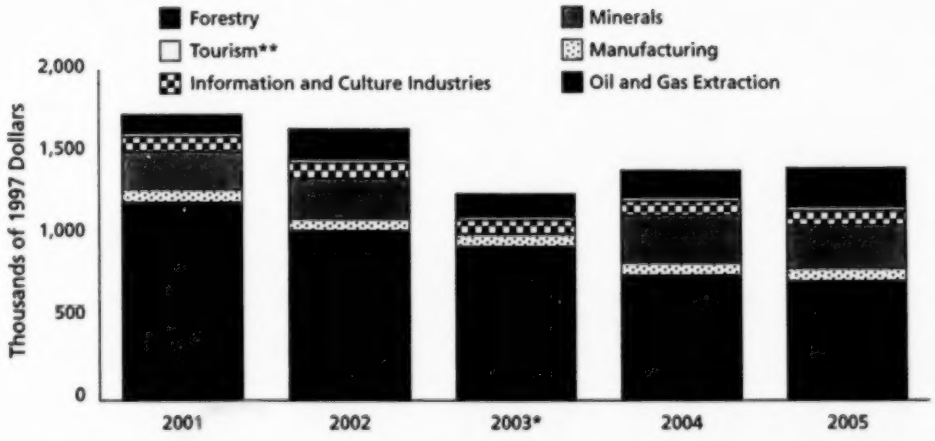
What are we measuring?

Real Gross Domestic Product per worker in key sectors

Progress to date

See the following graph

REAL GDP PER WORKER IN KEY SECTORS



* *Data for Minerals Sector suppressed by Stats Canada to meet confidentiality requirements of Statistics Act.*

** *Here, and elsewhere, Tourism is not identified as a "key sector." It is measured as an industry of interest to the Department.*

OBJECTIVE 2 – Encourage and facilitate growth in businesses that provide goods, supplies or services to key sectors or that use outputs from key sectors for value-added manufacturing or processing

The Department helps to stimulate business growth by providing information and by working in partnership with the public and private sectors to deliver a comprehensive and accessible business support system.

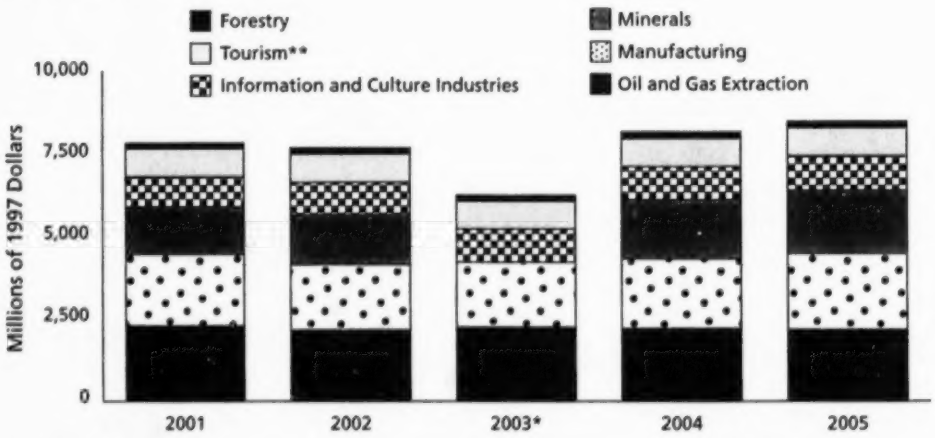
Key Actions for 2007-08

- Encourage Saskatchewan's heavy oil producers to upgrade their heavy oil in Saskatchewan.
- Encourage carbon dioxide capture and storage opportunities in Saskatchewan.
- Assess opportunities to mine new commodities such as kaolin and rare earth elements.
- Pursue value-added opportunities associated with uranium, including processing opportunities and the development of by-products such as nickel.
- Pursue the potential extraction of minerals, such as bromine and iodine, from brines produced from deep geological formations.

- Pursue opportunities to supply value-added products and services to current and potential oil sands activity.
- Advance the national renewable fuel standard, as committed by the federal government, to maximize provincial economic development benefits.

What are we measuring?	Progress to date
Real Gross Domestic Product by key sector	See the following graph

REAL GDP BY KEY SECTOR



* *Data for Minerals Sector suppressed by Stats Canada to meet confidentiality requirements of Statistics Act.*

** *Here, and elsewhere, Tourism is not identified as a "key sector." It is measured as an industry of interest to the Department.*

OBJECTIVE 3 – Promote the importance of inter-industry collaboration within the province

Saskatchewan's priority sectors benefit from businesses supplying goods and services within the Province and collaborating, wherever possible, to learn new approaches and attract new suppliers or consumers of Saskatchewan-made products. The Province can play a key role in providing the right climate for growth, providing the necessary supporting infrastructure for businesses to flourish and compete internationally, and promoting the jurisdiction as a place to invest.

The Department is working to develop meaningful measures that report its influence on priorities beyond its program expenditures. Viewed broadly, macro-economic measures by sector may be informative but are not always indicative of the Department's specific involvement with a particular sector, industry or firm.

Key Actions for 2007-08

- Encourage the federal government to implement the Co-operative Geological Mapping Strategies Initiative.
- Undertake investment seminars with industry analysts, including promoting the base metal and gold potential of the province.
- Development of the functional foods industry and promotion of functional foods research and suppliers in Saskatchewan.

What are we measuring?	**Progress to date**
Under development	Under development

OBJECTIVE 4 – Dynamic and flexible sectoral focus

The Department recognizes that the performance measure for this objective is the spending of matched dollars influenced by factors beyond the Department's control. A measure based on the processes by which the Department ensures appropriate administration of these funds may be possible.

Key Actions for 2007-08

- Develop a life sciences strategy which links research and investment opportunities in advances in human and animal health sciences.
- Work with the Petroleum Technology Research Centre and EnergyINet to focus research on areas of key sectoral focus to the Province (for example, EOR, CO2 Sequestration and Clean Coal Power Generation).

What are we measuring?	**Progress to date**
Investment from the Western Economic Partnership Agreement in key sectors	$49.2 million (cumulative) *[September 2003 - January 2007]*

This measure is influenced by resource decisions at the provincial and federal levels. The Canada-Saskatchewan Western Economic Partnership Agreement (WEPA) is a five-year, $50-million agreement designed to encourage economic development and growth in the Saskatchewan economy. Renewed in September 2003, this agreement is administered by Western Economic Diversification Canada and Industry and Resources.

GOAL 2

Optimal long-term benefit from the development of the province's non-renewable resources

OBJECTIVE 1 – *Responsible and effective management and conservation of non-renewable resources and collection of revenues for the province*

Encouraging exploration and the responsible development of non-renewable resources will lead to the optimal development of the Province's resources. However, some of the factors that affect industry activity (commodity prices, interest rates and exchange rates) are beyond the Department's influence. The Department can influence industry activity by providing geoscientific and technical information and advice on energy and mineral resources and by providing a competitive investment environment.

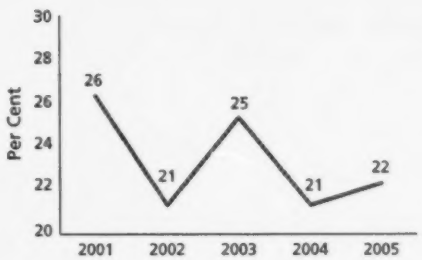
Key Actions for 2007-08

- Increase petroleum exploration in frontier areas of the province.
- Initiate the process to design and implement web-based system solutions for specific components of the oil and gas industry.
- Develop a directory of suppliers and services to the mining industry.
- Maximize benefits and opportunities from diamond exploration across the province.
- Review royalty rates to ensure the province is competitive and mining operations are viable while ensuring appropriate return to the province.
- Establish program steps to advance Aboriginal involvement in non-renewable resource development.

What are we measuring?

Percentage of the oil and gas industry's annual revenues paid to the Crown as royalties

Progress to date

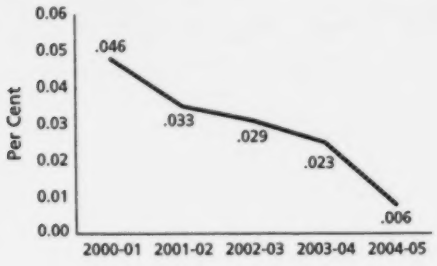


Saskatchewan's royalty/tax systems are intended to capture a fair share of the revenue from resource development, while encouraging continued investment in and development of resources by ensuring a fair return to producers who extract Crown resources.

What are we measuring?

Uncollectible revenues as a percentage of total revenues assessed

Progress to date

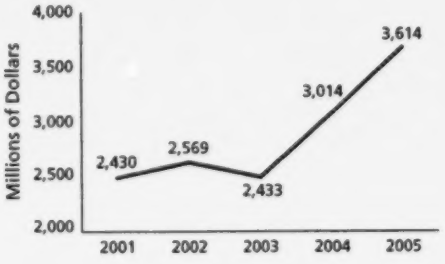


This measure reflects the Department's ability to ensure all revenues owed to the Province are collected.

What are we measuring?

Saskatchewan production of non-fuel minerals

Progress to date



The measure indicates the health of Saskatchewan's producing mines. The Department can influence mineral production through the tax system and general business climate.

OBJECTIVE 2 – *Effective policies, legislation and regulations that support the optimal development of non-renewable resources and sustain the province's long-term interests*

The Department can influence the amount of non-renewable resources recovered by reviewing royalty and tax structures to ensure they are competitive, ensuring an effective regulatory regime exists, by providing timely and relevant information and by supporting the development and implementation of new technologies. Other factors, such as prices and specific geological conditions within a reservoir, are beyond the control of the Department.

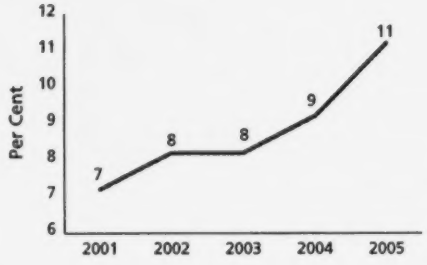
Key Actions for 2007-08

- Implement the Institutional Control Program for former uranium mine and mill sites.
- Ensure staffing levels are appropriate for the level of mineral, oil and gas field development.
- Review and update regulations pertaining to oil shale and oil sands developments in the province.
- Implement the Orphan Well and Facility Program.
- Maintain an efficient and effective regulatory regime in the province to ensure the proper management and conservation of provincial non-renewable resources.
- Examine options to improve the mineral title system, such as map staking.

What are we measuring?

Percentage of oil produced in the province due to the implementation of enhanced oil recovery projects (EOR) excluding water flood projects

Progress to date



This measure reflects new project investments made by companies to increase recoveries from existing known oil reservoirs.

OBJECTIVE 3 – Maintenance of a green and prosperous economy

The Department partners with officials from Crown Investments Corporation and Saskatchewan Environment to develop and implement an energy policy that contributes to a strategy to deal with climate change leading to a green and prosperous economy.

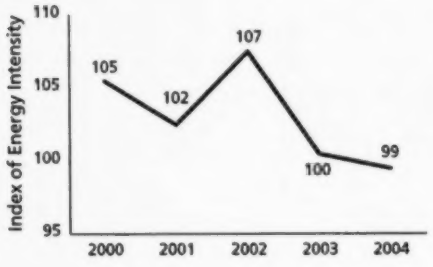
Key Actions for 2007-08

- Evaluate applications for the Green Technologies Commercialization Fund for market development and research, commercial demonstration projects and prototype development.

What are we measuring?

Index of Energy Intensity for Saskatchewan (energy use per unit of output)

Progress to date



This is a measure of the efficiency of energy use in the Saskatchewan economy. Actions such as improvements in energy efficiency and efforts to conserve energy in general will reduce energy intensity (energy use per unit of Gross Domestic Product) per unit of output.

GOAL 3

A positive, competitive and innovative environment in which to invest and do business

***OBJECTIVE 1** – Stimulate investment and business expansion across the province*

A competitive business environment is one that enjoys a dynamic record of business establishment in response to economic opportunities.

Key Actions for 2007-08

- Co-ordinate two investment attraction missions to East Asia to promote both the province's natural resources and value-added opportunities.
- Assess existing support businesses for the mineral sector in Saskatchewan to identify "gaps" or "opportunities" for new businesses.
- Promote employment opportunities associated with the mineral sector to residents of Saskatchewan.
- Develop new marketing fact sheets and promotional information for potential investors on opportunities in Mining sector (exploration, support services and buyers of product).
- Promote Saskatchewan as a leader in value-added energy opportunities.

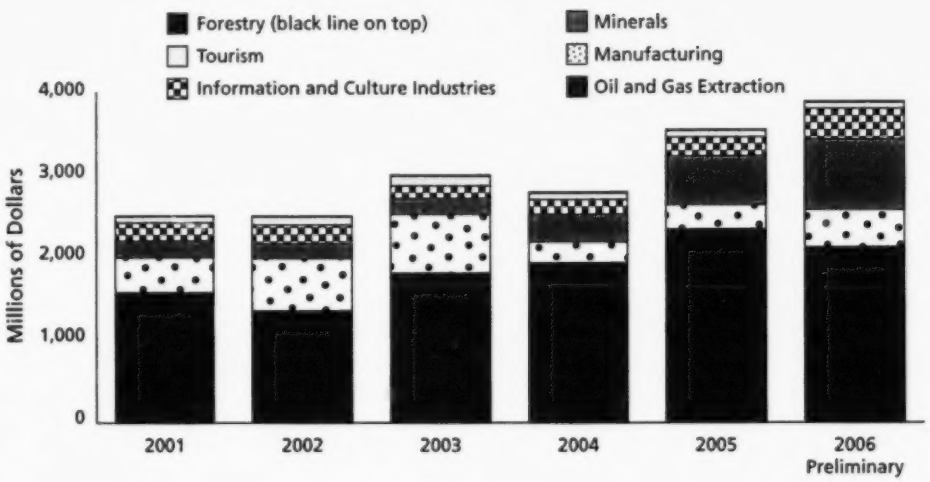
What are we measuring?

New investment by industry in key sectors.

Progress to date

See the following graph

INVESTMENT (MILLIONS OF DOLLARS)



This is a measure of capital spending intentions and is a strong signal of the growth of businesses, both new and existing, in the key sectors. The Department can influence this measure by promoting the province as a positive business environment in which to invest and by engaging stakeholders and undertaking economic development activities within the sectors.

OBJECTIVE 2 – Improve the province's competitiveness

The Department endeavours to identify and build upon Saskatchewan's competitive advantages for economic development. This includes evaluation of initiatives and approaches that may improve Saskatchewan's relative competitive position.

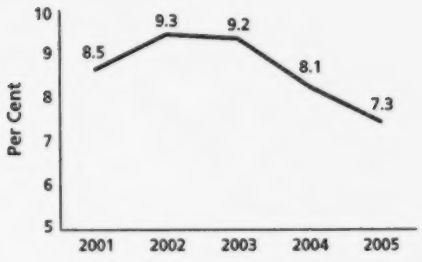
Key Actions for 2007-08

- Support Advanced Education and Employment in developing and implementing a Labour Market Strategy that responds to the needs of industry, employers and the labour force.
- Simplify the reporting of Crown royalties and freehold production taxes.
- Develop a program to enhance and support industrial process innovations in the province.
- Create a stronger linkage between technology companies and the potential Aboriginal work force.

What are we measuring?

Saskatchewan's share of Western Canadian conventional oil and gas exploration and development expenditures

Progress to date

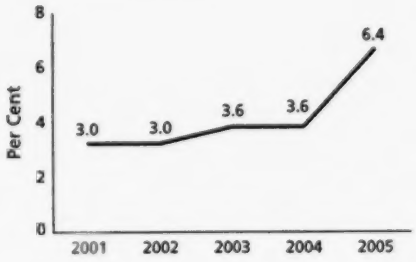


Canada's oil and gas industry is quite varied and Saskatchewan really only competes for investment related to conventional operations in Western Canada. An indicator of how well the province is competing for the investment dollars available is to track the industry's investment in Saskatchewan as a percentage of the total amount spent on conventional exploration and development in all of Western Canada.

What are we measuring?

Saskatchewan's share of non-uranium mineral exploration

Progress to date

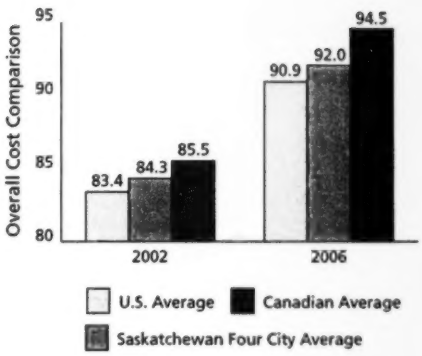


The measure indicates the health of the mineral exploration industry. The Department can influence the amount of exploration through geoscience programs, incentives and maintenance of a competitive business climate.

What are we measuring?

Saskatchewan's overall cost comparison*

Progress to date



Source: KPMG

* *Exchange rates used are based on a three-month average from the US Federal Reserve Board. 2002 exchange rates are based on July, August, and September 2001; the 2006 exchange rate is from October, November, and December 2005. Exchange Rate for 2002 is 1.546 and 1.1735 for 2006.*

This measure ranks Saskatchewan on KPMG's overall cost index (adjusted for the current US/Canada exchange rate). The Department has indirect influence over the relative competitiveness of the Province through policy analysis and recommended policy changes that would impact this competitiveness index.

OBJECTIVE 3 – Maximize the return on investments in innovation

The Department has a role in encouraging innovation and commercialization of research. This objective encourages private sector research activity in Saskatchewan, including at specialized research facilities and venues.

Key Actions for 2007-08

- Advance the potential polygeneration project through the definition and front-end-engineering phases.
- Develop the core research program at the Petroleum Technology Research Centre.
- Work with the University of Saskatchewan and the Saskatchewan Research Council to develop a Mineral Technology Research Centre.
- Encourage the Synchrotron Laboratory for Micro and Nano Devices (SyLMAND) in the development of a Nanotechnology-related economic development strategy for Saskatchewan.
- Partner with the private sector to promote investments related to the province's strategic research infrastructure.

What are we measuring?

Business expenditures on research and development (R&D) in Saskatchewan per year

Progress to date

R&D expenditures in Saskatchewan by business enterprises and all sources, in terms of funding ($ millions)

	Business	SK Total	Business as % of SK Total
1999	72	323	22.29%
2000	77	376	20.48%
2001	85	396	21.46%
2002	116	434	26.73%
2003	88	391	22.51%
2004	120	422	28.44%

This measure tracks the amount of investment by business enterprises in research and development activities and is an indicator of the development and adoption of new technologies in the province. As a contributor to research and development funding in the province, the Department can influence this measure by strengthening the Province's research infrastructure, matching other sources of R&D and technology commercialization funds, and by administering tax incentive programs to encourage R&D in the resource sectors.

OBJECTIVE 4 – Improve perception of Saskatchewan growth opportunities for increased capital investment and economic development, tourism, youth retention and business expansion

This objective is reflective of sentiments expressed at the 2005 Centennial Summit that Saskatchewan is a place of opportunity requiring effort of both the private and public sector to be promoted positively.

Key Actions for 2007-08

- Raise awareness at the national level of Saskatchewan innovation in business and technology in the province's key economic sectors.
- Promote employment opportunities associated with the strategic sectors to residents of Saskatchewan.
- Promote Saskatchewan as a leader in value-added energy opportunities.
- Use national marketing (television, print, and on-line advertising) as well as media relations and business receptions to increase awareness of Saskatchewan's economic strengths and competitive business and tax environment.
- Expand the Innovative by Nature campaign from Canada to include media relations and direct-marketing tactics into the United States.

- Partner with the Saskatchewan Chamber of Commerce on the "Youth-Friendly Workplace Designation Program" and Rotary Clubs on the "My Future is Here Program" to increase awareness of Saskatchewan as a good place for young people to establish a career in Saskatchewan.
- Increase awareness among Canadian trade consulate staff in key international markets about opportunities to invest and do business in Saskatchewan through a regular e-zine and direct mail.
- Work with STEP to conduct an incoming journalists program starting spring 2007 to encourage international journalists to write articles promoting doing business in Saskatchewan.

What are we measuring?	**Progress to date**
Increase in percentage of national business decision-makers who, in polling, hold a favourable view of the Saskatchewan economy	25% *[July 2006*]* * *Initial year of survey, no trend information available.*

What are we measuring?	**Progress to date**
Increase in percentage of Saskatchewan people who, in polling, are optimistic about the future of Saskatchewan's economy	33% *[July 2006*]* * *Initial year of survey, no trend information available.*

For More Information

This report provides information about our accomplishments and our future plans. If you have any questions or comments, or would like additional copies of the plan, we invite you to call (306) 787-2378.

Or contact:
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Regina SK S4P 3Z8

Or send us an e-mail through our website: www.ir.gov.sk.ca

Additional resources/websites:
Saskatchewan Trade and Export Partnership: www.sasktrade.sk.ca
Tourism Saskatchewan: www.sasktourism.com